



KIDS COUNT in Delaware Issue Brief

Children in Poverty

Spring 2009

The number of families living below the poverty level has long been an important measure of economic stability. Economic hardship can have profound effects on children's development and their prospects for the future. Children most at risk for not achieving their full potential are children who live in poverty while very young and those who experience severe and chronic economic hardship. Nearly 13 million children in the United States— 17% of all children— live in families with incomes below the federal poverty level.

Children in Poverty

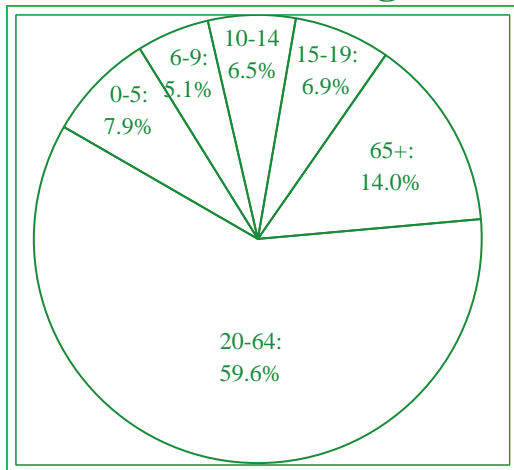
Three-year Average Percentage of Children (0-17) in Poverty
U.S. & Delaware, 2000-2007



Source: Center for Applied Demography and Survey Research, University of Delaware

Demographically speaking, we are much less of a child centered society now than we were 100 years ago. In the United States, children accounted for 40 percent of the population in 1900, but only 26 percent in 2000. Similar trends are evident in Delaware.

Counting the Kids: Delaware Demographics



2007 Population Estimate and Age Distribution, Delaware

Delaware Total	863,904
Total Children 0-19	228,097
Children 0-5	68,287
Children 6-9	43,698
Children 10-14	55,973
Children 15-19	60,139

Source: Delaware Population Consortium, Population Projection Series, Version 2007.0

KIDS COUNT in Delaware ★ Center for Community Research & Service ★ University of Delaware
297 Graham Hall ★ Newark, DE 19716 ★ Phone: (302) 831-4966 ★ Email: kids-count@udel.edu



Defining Poverty

The poverty measure was established in 1964 based on research indicating that families spent about one-third of their income on food. A family is officially classified as poor if its cash income (wages, pensions, social security benefits and all other forms of cash income) falls below the poverty threshold. For example, according to the federal poverty guidelines, a family of three must make less than \$16,705 annually to be considered in poverty. While the thresholds are updated each year for inflation, the measure is widely acknowledged to be outdated. This is because in today's society, food comprises a much lower percentage of an average family's expenses than it did in the sixties, while the costs of housing, child care, health care and transportation have increased substantially. Additional criticism of the federal poverty threshold is that the current measure does not take into account non-cash resources available to struggling American families including food stamps, tax credits or housing and child care subsidies nor does it vary by geographic region, while cost of living (especially housing costs) differs based on where a family resides.

Many research organizations, including the U.S. Census Bureau, have concluded that the official poverty measure is an antiquated standard that is no longer capable of capturing true economic need or determining whether working families earn enough to get by. Revising the current measure to a more accurate method of capturing those in need is on agendas nationwide. A number of sites, including New York City, are taking the lead with developing and instituting new measurements of poverty. At the federal level, legislation was introduced to the House in September 2008 related to updating poverty's definition at the federal level.



Poverty Thresholds

By Size of Family and Number of Related Children Under 18 Years,
Annual Income in Dollars, U.S., 2007

Size of Family Unit	Related Children Under 18 Years Old								
	None	One	Two	Three	Four	Five	Six	Seven	Eight +
One person under 65 years	\$10,787								
One person over 65 years	\$9,944								
Two persons, householder under 65	\$13,884	14,291							
Two persons, householder over 65	\$12,533	14,237							
Three persons	\$16,218	16,689	16,705						
Four persons	\$21,386	21,736	21,027	21,100					
Five persons	\$25,791	26,166	25,364	24,744	24,366				
Six persons	\$29,664	29,782	29,168	28,579	27,705	27,187			
Seven persons	\$34,132	34,345	33,610	33,098	32,144	31,031	29,810		
Eight persons	\$38,174	38,511	37,818	37,210	36,348	35,255	34,116	33,827	
Nine persons or more	\$45,921	46,143	45,529	45,014	44,168	43,004	41,952	41,691	40,085

Source: U.S. Census Bureau



An Economic Profile of Delaware's Youngest Children

Children in Poverty

In Delaware, there are 26,000 low-income families and 37% of them have a preschool-age child (under age 6). Among low-income families in Delaware, 86% have at least one parent who works and 60% have a parent who works full-time, year-round. Forty-two percent are two-parent families.



Three-year Average Percentage of Children (ages 0-5 & ages 6-18) in Poverty, DE

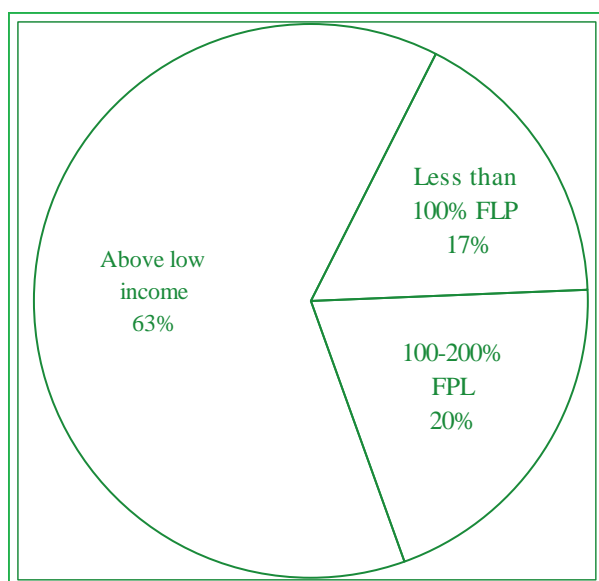


Source: Center for Applied Demography and Survey Research, University of Delaware

Very young children living in poverty are much less likely than are non-poor children to be able to recognize the letters of the alphabet, count to 20 or higher, write their name, read or pretend to read.

— *Child Trends Data Bank*

Young Children (0-5) by Income, Delaware, 2006



Source: National Center for Children in Poverty, Columbia University, Mailman School of Public Health

Low family income is related to children's cognitive development and their ability to learn. Odds that children will succeed in school and in life improve with high-quality early learning opportunities. Common elements of high-quality programs include:

- ★ Highly skilled teachers
- ★ Small class sizes and high staff-to-child ratios
- ★ Age-appropriate curricula and stimulating materials in a safe physical setting
- ★ A language-rich environment
- ★ Warm, responsive interactions between staff and children

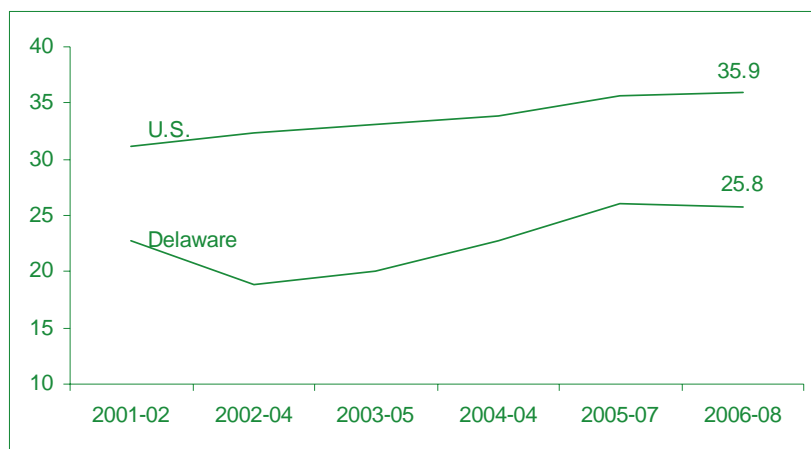
All 50 states in the U.S. invest in child care subsidy systems to enable low-income parents to access child care while they work and to support child development. In Delaware, this subsidization is termed Purchase of Care (POC).



Child Poverty's Relationship to Family Structure

Female-Headed Families in Poverty

Three-year Average Percentage of Families in Poverty with Single Female Head and Children Under 18, U.S. & Delaware, 2000-2007



Source: Center for Applied Demography and Survey Research, University of Delaware



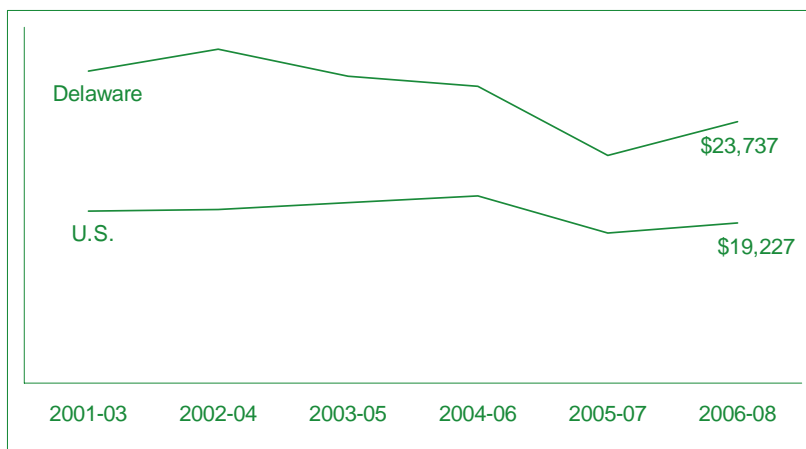
Because a child's family unit is the primary source of input, the presence of a parent's financial, human and social capital resources highly influences that child's development. A parent's basic life skills, education and social networks can provide experiences, resources and services for children to thrive and to grow into healthy, productive adults. In contrast, parents who face chronic economic hardship are much more likely than their more affluent peers to experience severe stress and depression—both of which are linked to poor social and emotional outcomes for children.

The number of caregivers present in a given household varies; increasingly, single parents (typically single mothers) are the primary caregiver in many families. Single-parent families tend to have much lower incomes than do two-parent families, but research indicates that the income differential accounts for only about one-half of the negative effects of parent absence on many areas of child and youth

well-being, including health, educational attainment and assessments, behavior problems and psychological well-being. Female-headed families have high poverty rates compared with other family types. Additionally, children raised in female-headed families experience significant challenges beyond the effects of having low-income. The economic disadvantage of a female-headed family is often a result of under-employment and limited home and property ownership.

Median Income of Female-Headed Families

Three-year Average Percentage Median Income of Families with Children Under 18 and Single Female Head, U.S. & Delaware, 2000-2007

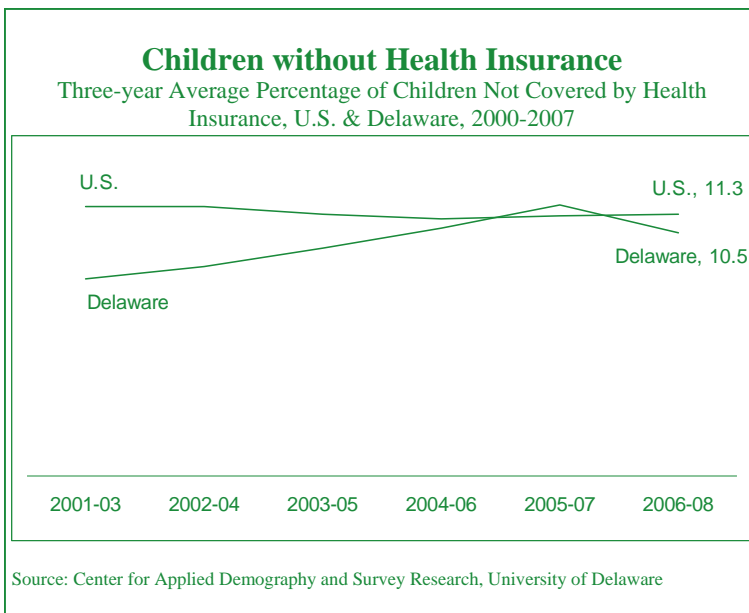


Source: Center for Applied Demography and Survey Research, University of Delaware



Poverty's Impact on Children: Health and Education

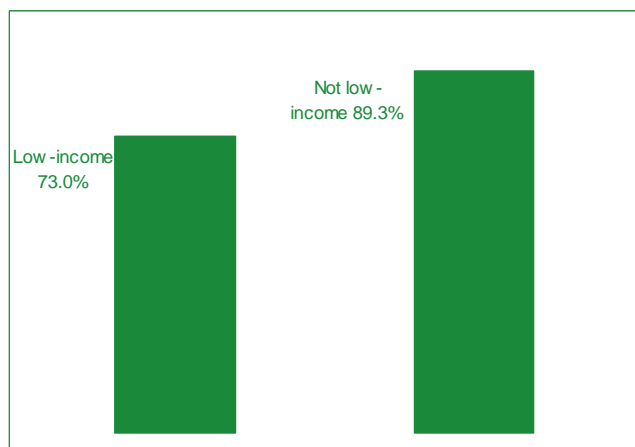
Poverty can contribute to behavioral, social and emotional problems and it can cause or exacerbate poor child health. Children in families with income above 200% of the federal poverty line have significantly better health outcomes than children in lower income families. Such children are more likely to be in very good or excellent condition. They are less likely to be overweight and more likely to exercise at least once per week. Children with health insurance, whether public or private, are more likely than children without insurance to have a regular and accessible source of health care. Improved access to effective health care means improvements in the child's health status over time, which can positively affect the child's life.



Over his or her lifetime, a high school dropout earns, on average, about \$260,000 less than a high school graduate and about \$1 million less than a college graduate.

Graduation Rates

June graduates compared to the 9th grade class four years ago according to NCLB* definition, Public School Students in Delaware, 2006/07 school year



*NCLB— No Child Left Behind

Source: Delaware Department of Education

Once children enter school, those from low-income families tend to have worse outcomes than their non-poor peers— they score lower on standardized tests, are more likely to be retained in grade and are more likely to drop out. Children in lower-income families are also less likely to participate in after-school activities, sports and community service activities, when such participation would likely be beneficial due to its association with better academic outcomes, higher self-esteem and improved social skills. Nationwide, over a million of the students who enter ninth grade in a given year do not receive a high school diploma four years later. In fact, about 7,000 student drop out every school day, significantly decreasing their chances in the workplace and in life.



The Economic Impact of Child Poverty on America's Economy

In addition to the harmful consequences for children individually, high rates of families experiencing economic hardship exact a grave toll on the U.S. economy. Research suggests that there is a significant economic loss to society when children grow up in poverty. An analysis published in January 2007 finds that an estimate of the costs imposed on American society by childhood poverty is close to \$500 billion annually. This estimate is comprised of lost productivity in the labor force and spending on health care and the criminal justice system. Each year, child poverty reduces productivity and economic output by about 1.3 percent of GDP. Costs for total poverty in the U.S. (i.e., accounting for adults who are poor but were not poor as children) would further increase the aggregate cost of poverty. The research determines that significant public investments in effective poverty alleviation programs can result in cost savings in the future.

Poverty burdens U.S. society and robs it of some of its productive potential.

Center for American Progress

Childhood Poverty's Annual Aggregate Costs

Forgone Earnings	1.3% of GDP
Crime	1.3% of GDP
Health	1.2% of GDP
Total (%)	3.8% of GDP
Total (\$)	\$500,000,000,000

Source: Center for American Progress

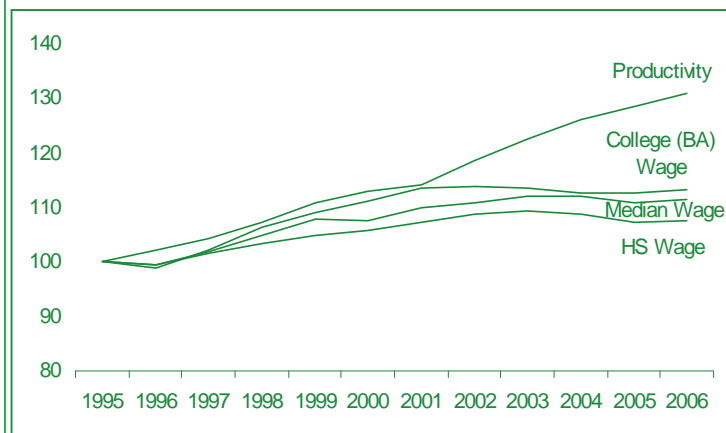


Long-term economic trends are troubling because they reflect the gradual but steady growth of economic insecurity among middle-income and working families over the last 30 years. Incomes have increased very modestly for all but the highest earners—illustrating America's issue of a growing inequality. Stagnant incomes combined with the high cost of basic necessities have made it difficult for families to save and many middle- and low-income families alike have taken on crippling amounts of debt just to get by. Many families are a single crisis (a serious illness, job loss, divorce) away from finding financial devastation. The Economic Policy Institute suggests that causes of a growing inequality include increased educational returns (technology), globalization/trade, deregulation, race/gender differentials, absence of full employment, immigration, diminished union presence, low minimum wages, winner-take-all mentality, regressive tax changes, the crumbling "social contract," diminished mobility/privilege and reduced bargaining power.



The Productivity-Pay Gap

Hourly productivity and real wage growth, U.S., 1995-2006



Source: Mishel et al, *The State of Working America 2006/2007*. An Economic Policy Institute Book. Ithaca, N.Y.: Cornell University Press, 2007.



Economic Opportunity in Delaware

The challenge for any community is to find integrated, systemic solutions that address the root causes of poverty. Communities must find solutions that address the underlying systems– the policies, practices and attitudes– that perpetuate poverty. Real poverty reduction efforts may result in some short-term improvements, but are aimed more toward long-term change. To address the issue of child poverty in Delaware, in August 2007 Governor Minner created the Child Poverty Task Force whose purpose is to make recommendations for how to reduce child poverty in Delaware in half by 2017 (i.e., by 50% in ten years). The Task Force is composed of 24 individuals from across the state representing both public and private agencies and has three work groups- Data and Research, Public Meetings & Outreach and Agency Inventory. The Task Force has spent the last 18 months collecting information from experts, hearing from local communities and crafting a draft set of recommendations for child poverty reduction. On April 22nd, the draft recommendations will be presented for discussion and prioritization at the Governor's Summit on Child Poverty and Economic Opportunity.

	<i>Governor's Summit on Child Poverty and Economic Opportunity</i>	Release of the Governor's Child Poverty Task Force Report ★★★
	Building Bright Futures: Advancing the Child Poverty Agenda Wednesday, April 22, 2009 The Rollins Center, Dover Downs Hotel	National and state experts on child poverty & strategies toward economic opportunity ★★★ Discuss & prioritize Delaware's draft recommendations

Recommendations for reducing child poverty in DE are grouped into several categories including:

- ★ Basic needs – housing, food security, transportation ★
- ★ Health care ★
- ★ Early care and education – quality, subsidies, access, affordability ★
- ★ Building wealth and assets – income transfers, EITC, child care tax credits, minimum wage, IDAs, financial literacy, predatory lending ★
- ★ Education – standards, achievement gap, high school completion ★
- ★ Employability – vocational training, creative partnerships, employer incentives ★

Next Steps

After the Child Poverty Summit concludes, the results will be analyzed and a period of public input will be opened. The Delaware Child Poverty Task Force will then utilize all of this data as they finalize recommendations to Governor.

